

AGENDA
FREMONT REDEVELOPMENT AGENCY REGULAR MEETING
DECEMBER 15, 2009
7:00 P.M.

- 1. CALL TO ORDER**
- 2. CONSENT CALENDAR**

Items on the Consent Calendar are considered to be routine by the Redevelopment Agency and will be enacted by one motion and one vote. There will be no separate discussion of these items unless an Agency Member or citizen so requests, in which event the item will be removed from the Consent Calendar and considered in its normal sequence on the agenda. Additionally, other items without a "Request to Address the Redevelopment Agency Board" card in opposition may be added to the consent calendar. (In the report section of the agenda, consent items are indicated by an asterisk.)

2.1 Approval of Minutes – for the Special Meeting of June 23, 2009

2.2 AGENCY BOARD APPROVAL OF FINAL REPORT, AUTHORIZATION TO TRANSMIT PLAN AMENDMENT DOCUMENTS TO CITY COUNCIL AND STATE AGENCIES
Agency Board Approval of Final Report and Authorization to Transmit Final Plan Amendment, Final SEIR, and Final Report to the City Council, State Department of Finance and State Department of Housing and Community Development for their Review

Contact Person:

<i>Name:</i>	<i>Elisa Tierney</i>	<i>Melissa Stevenson Dile</i>
<i>Title:</i>	<i>Redevelopment Agency Director</i>	<i>Deputy Executive Director</i>
<i>Dept.:</i>	<i>City Manager's Office</i>	<i>City Manager's Office</i>
<i>Phone:</i>	<i>510-494-4501</i>	<i>510-284-4005</i>
<i>E-Mail:</i>	<i>etierney@fremont.gov</i>	<i>mdile@fremont.gov</i>

RECOMMENDATION: Adopt a Resolution authorizing submission to the City Council, the Redevelopment Advisory Committee, and designated State Departments of the proposed Amended Plan and the accompanying Report to Council/State Report and Final SEIR for the proposed Amended Plan.

2.3 AGENCY BOARD CONSENT TO HOLD JOINT PUBLIC HEARING ON PROPOSED PLAN AMENDMENT
Agency Board Authorization to Hold Joint Public Hearing with City Council on Proposed Plan Amendment

Contact Person:

<i>Name:</i>	<i>Elisa Tierney</i>	<i>Melissa Stevenson Dile</i>
<i>Title:</i>	<i>Redevelopment Agency Director</i>	<i>Deputy Executive Director</i>
<i>Dept.:</i>	<i>City Manager's Office</i>	<i>City Manager's Office</i>
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RECOMMENDATION: Adopt a resolution authorizing a joint public hearing with the City Council on February 16, 2010 to consider the proposed Amended Plan and the accompanying Final SEIR and Final Report to Council/State Report, including an Amended Five-Year Implementation Plan.

2.4 AUTHORIZATION TO CONVEY OWNERSHIP OF THE NILES TOWN PLAZA PROPERTY TO THE CITY OF FREMONT

Authorization for the Executive Director to Execute Such Documents as Necessary to Convey the Niles Town Plaza Property to the City of Fremont

Contact Person:

<i>Name:</i>	<i>Josh Huber</i>	<i>Elisa Tierney</i>
<i>Title:</i>	<i>Project Manager</i>	<i>Director</i>
<i>Dept.:</i>	<i>Redevelopment Agency</i>	<i>Redevelopment Agency</i>
<i>Phone:</i>	<i>510-494-4513</i>	<i>510-494-4501</i>
<i>E-Mail:</i>	<i>jhuber@fremont.gov</i>	<i>etierney@fremont.gov</i>

RECOMMENDATION: Authorize the Executive Director, or his designee, to take such action and execute such documents as necessary to convey ownership of the Niles Town Plaza from the Redevelopment Agency of the City of Fremont.

2.5 REVISIONS TO COMMERCIAL BUILDING REHABILITATION PROGRAM

Consideration of Revisions to the Commercial Building Rehabilitation Program to (1) Increase the Amount of Architectural Fees Eligible for Agency Reimbursement (2) Allow for Annual Adjustments and (3) Allow for Any Fees in Excess of Agency Thresholds to be Rolled into the Loan Program

Contact Person:

<i>Name:</i>	<i>Deepa Venkat Ram</i>	<i>Josh Huber</i>
<i>Title:</i>	<i>Management Analyst I</i>	<i>Project Manager</i>
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RECOMMENDATION: Staff recommends the Agency Board authorize staff to enact the following changes to the Program:

- 1. Increase the eligible reimbursement amount for architectural conceptual design services to a maximum of \$21,000 effective immediately; and*
- 2. Effective January 1, 2011, allow for annual adjustments to the eligible architectural expenses for conceptual design services using the Bay Area All Urban Consumer*

- Price Index, rounding it to the nearest \$100 increment; and*
3. *Make architectural expenses attributable to construction documents eligible for reimbursement by Agency loan funds; and*
 4. *Authorize the City Manager or designee to make any administrative changes necessary to implement the revised program.*

3. PUBLIC COMMUNICATIONS

3.1 Oral and Written Communications

4. PUBLIC HEARINGS – None.

5. OTHER BUSINESS

5.1 Report Out from Closed Session of Any Final Action

5.2 AGENCY BOARD CONSIDERATION OF PROPOSED AGREEMENTS AMONG THE REDEVELOPMENT AGENCY AND VARIOUS TAXING ENTITIES WITH RESPECT TO THE FREMONT MERGED REDEVELOPMENT PROJECT AREA

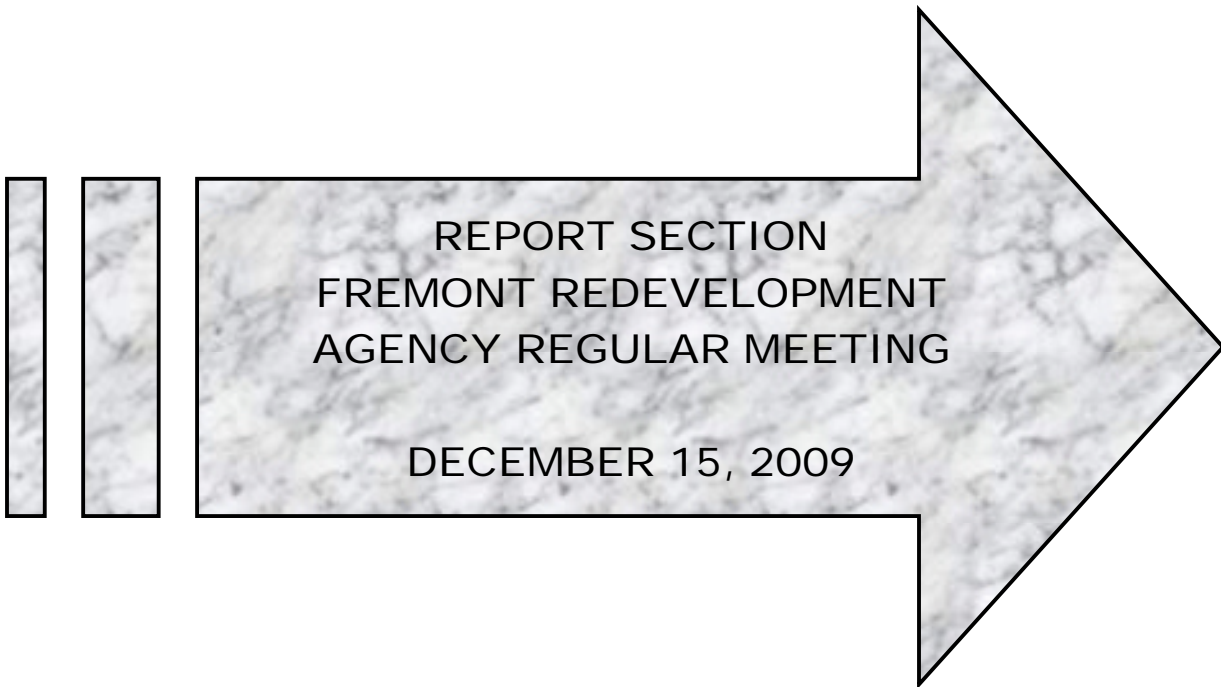
Agency Board Consideration of a Resolution Authorizing Execution of Specified Agreements with Affected Taxing Entities in Connection with the Proposed Amended Plan for the Fremont Merged Redevelopment Project Area

Contact Person:

Name:	Elisa Tierney	Melissa Dile
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Dept.:	City Manager's Office	City Manager's Office
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RECOMMENDATION: Adopt a resolution approving the Revised Agreements with various affected taxing entities, and authorizing the Executive Director to execute the Revised Agreements and to take such actions as are reasonably required to implement the terms of the Revised Agreements.

6. ADJOURNMENT



***2.2 AGENCY BOARD APPROVAL OF FINAL REPORT, AUTHORIZATION TO TRANSMIT PLAN AMENDMENT DOCUMENTS TO CITY COUNCIL AND STATE AGENCIES**

Agency Board Approval of Final Report and Authorization to Transmit Final Plan Amendment, Final SEIR, and Final Report to the City Council, State Department of Finance and State Department of Housing and Community Development for their Review

Contact Person:

Name:	Elisa Tierney	Melissa Stevenson Dile
Title:	Redevelopment Agency Director	Deputy Executive Director
Dept.:	City Manager's Office	City Manager's Office
Phone:	510-494-4501	510-284-4005
E-Mail:	etierney@fremont.gov	mdile@fremont.gov

Executive Summary: At the direction of the Agency Board and the City Council, staff has prepared for consideration of approval the proposed Consolidated Amended and Restated Redevelopment Plan for the Fremont Merged Redevelopment Project (including Irvington, Niles, Centerville and Industrial Area) (the Amended Plan), and various accompanying reports required by the Community Redevelopment Law (the CRL) and the California Environmental Quality Act (CEQA), including a Final Report to Council/State Report on the Amended Plan, and a Final Subsequent Environmental Impact Report (the Final SEIR). As part of the adoption process, staff requests the Agency Board approve the Final Report to Council/State Report and authorize transmittal of the Final Plan Amendment, Final SEIR and Final Report to the City Council, the Redevelopment Advisory Committee, the State Department of Finance, and the State Department of Housing and Community Development.

BACKGROUND: In July 2007, the Agency Board and City Council authorized staff to commence work on the Amended Plan adoption process. In August 2009, the Amended Plan, a Preliminary Report on the Amended Plan, a Draft SEIR, and a Notice of Availability of Draft SEIR were distributed to various entities in accordance with the CRL and CEQA and made available to the public. On September 10, 2009, the Planning Commission conducted a public hearing to receive comment on the Draft SEIR. The City received comments on the Draft SEIR from one individual and four public agencies and prepared a Final SEIR in accordance with CEQA that provided responses to these comments as well as limited revisions to the Draft SEIR. The Agency has also now prepared the Final Report to Council/State Report containing the information about the Amended Plan required by the CRL. On December 1, 2009, the Agency transmitted the proposed Amended Plan and the Final SEIR to the Planning Commission and to each of the commenting parties. On December 10, 2009, the Planning Commission is scheduled to consider adoption of a resolution finding that the Amended Plan conforms to the City General Plan and recommending certification of the Final SEIR.

DISCUSSION/ANALYSIS: The Amended Plan would consolidate the Constituent Redevelopment Plans into the form of one single "Consolidated Amended and Restated Redevelopment Plan for the Fremont Merged Redevelopment Project Area." More significantly, it would allow the Redevelopment Agency to continue to collect tax increment revenue generated in the Industrial Area portion of the Merged Redevelopment Project, providing a revenue source for the Agency to continue its key revitalization projects. The Amended Plan would raise the current cap from \$400 million to \$1.5 billion

on collection of tax increment revenue generated in the Industrial Area and provide the revenue source necessary to undertake projects contemplated in prior redevelopment plans, such as the Irvington BART Station, commercial building renovation projects, and infrastructure and streetscape work in the historic districts.

FISCAL IMPACT: The Final Report to Council/State Report provides detailed information on the financial implications of the proposed Amended Plan. Under the Amended Plan, once the increased Industrial Area tax increment cap takes effect, the Agency is estimated to receive approximately \$709.8 million of current buying power tax increment revenue. Of this total, approximately \$279.5 million (about 39.4% of the future tax increment) would be paid to the affected taxing entities in the form of pass-through payments with the following made available to the Agency:

- approximately \$143.5 million (20% of future tax increment) for new affordable housing program activities,
- approximately \$7.6 million (roughly 1% of future tax increment) to complete debt service payments on existing Agency bonds, and
- approximately \$279.1 million (roughly 39.3% of total tax increment) for new non-housing activities of the Agency throughout the Merged Project Area (including Agency administrative costs).

These dollar amounts reflect the amounts that would be receivable and expended by the Agency under the Amended Plan once the current cap on tax increment receipt of \$400 million from the Industrial Area is reached in approximately three years.

ENVIRONMENTAL REVIEW: As noted, an SEIR has been prepared for the Amended Plan in accordance with the requirements of CEQA and will be considered for certification at a future date. Because the currently recommended actions are procedural steps toward consideration of certification of the SEIR and adoption of the Amended Plan, and will themselves not result in any approvals that could have environmental impacts, these procedural actions do not themselves require preparation or approval of any CEQA document.

ENCLOSURE:

- [Draft Resolution](#)
- [Final Plan Amendment](#)
- [Final SEIR](#)
- Final Report to the City Council/State Report
 - [Part 1](#)
 - [Part 2](#)
 - [Part 3](#)

RECOMMENDATION: Adopt a Resolution authorizing submission to the City Council, the Redevelopment Advisory Committee, and designated State Departments of the proposed Amended Plan and the accompanying Report to Council/State Report and Final SEIR for the proposed Amended Plan.

***2.3 AGENCY BOARD CONSENT TO HOLD JOINT PUBLIC HEARING ON PROPOSED PLAN AMENDMENT**

Agency Board Authorization to Hold Joint Public Hearing with City Council on Proposed Plan Amendment

Contact Person:

Name:	Elisa Tierney	Melissa Stevenson Dile
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Executive Summary: At the direction of the Agency Board and the City Council, staff has prepared for consideration of approval the proposed Consolidated Amended and Restated Redevelopment Plan for the Fremont Merged Redevelopment Project (including Irvington, Niles, Centerville and Industrial Area) (the Amended Plan). At this time, as part of the adoption process, staff is seeking Agency Board authorization to hold a Joint Public Hearing with the City Council on February 16, 2010 on the Amended Plan.

BACKGROUND: The Agency Board has recently taken several actions, and is scheduled to take several more to further the adoption process for the Amended Plan. On December 1, 2009, the Agency transmitted the proposed Amended Plan and the Final Subsequent Environmental Impact Report (the Final SEIR) to the Planning Commission and to each of the commenting parties. On December 10, 2009, the Planning Commission is scheduled to consider adopting a resolution finding the Amended Plan in conformance with the General Plan and recommending certification of the Final SEIR. On tonight's agenda, there are three items for Agency Board consideration. First, staff is requesting Agency Board to consider and approve the various Taxing Entity Agreements in connection with the Amended Plan (subject to subsequent adoption of the Amended Plan). Second, staff requests approval of the Final Report to Council/State Report and authorization to transmit the Amended Plan documents to the Redevelopment Advisory Committee (RAC), City Council and State Agencies. This, the third item, requests authorization to hold a joint Public Hearing with the City Council on the Amended Plan on February 16, 2010.

FISCAL IMPACT: It is anticipated that the Agency would receive approximately \$709.8 million if the proposed Amended Plan becomes effective, of which approximately \$143.5 million (20% of future tax increment) would be available for new affordable housing program activities, and approximately \$279.1 million (roughly 39.3% of total tax increment) would be available for new non-housing activities of the Agency (the Agency would also be required to pay to the taxing entities about 39.4% of the future tax increment, or approximately \$279.5 million).

ENVIRONMENTAL REVIEW: As noted, an SEIR has been prepared for the Amended Plan in accordance with the requirements of CEQA and will be considered for certification at a future date. Because the currently recommended actions are procedural steps toward consideration of certification of the SEIR and adoption of the Amended Plan, and will themselves not result in any approvals that could

have environmental impacts, these procedural actions do not themselves require preparation or approval of any CEQA document.

ENCLOSURE: [Draft Resolution](#)

RECOMMENDATION: Adopt a resolution authorizing a joint public hearing with the City Council on February 16, 2010 to consider the proposed Amended Plan and the accompanying Final SEIR and Final Report to Council/State Report, including an Amended Five-Year Implementation Plan.

***2.4 AUTHORIZATION TO CONVEY OWNERSHIP OF THE NILES TOWN PLAZA PROPERTY TO THE CITY OF FREMONT**

Authorization for the Executive Director to Execute Such Documents as Necessary to Convey the Niles Town Plaza Property to the City of Fremont

Contact Person:

Name:	Josh Huber	Elisa Tierney
Title:	Project Manager	Director
Dept.:	Redevelopment Agency	Redevelopment Agency
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Executive Summary: A companion item is on the City Council agenda for consideration this evening. Staff requests that the Agency Board authorize the conveyance of the Niles Town Plaza property to the City of Fremont. The Agency's conveyance of the property to the City was always anticipated as part of the project. The Plaza is currently under construction and is anticipated to be completed within the next few weeks. It is time to convey the property to the City because the City will maintain the Plaza upon completion.

BACKGROUND: In September 2001, the City Council adopted the *Niles Concept Plan*, which laid out a vision and strategy for future development in Niles. The vision for the redevelopment of the Niles district calls for the development of a town plaza in the heart of the Niles district as a principal strategy to strengthen community identity and stimulate economic revitalization. The City Council and the Redevelopment Agency Board approved the Niles Town Plaza conceptual design on July 12, 2005, with the understanding that while the Agency would fund the design and construction, the City would eventually own and operate it.

DISCUSSION/ANALYSIS: The Niles Town Plaza is located on Niles Boulevard between the intersections of H and I Streets and will become the City's first Civic Park upon adoption of the new General Plan. Completion of the Plaza marks a significant milestone in the implementation of Niles Concept Plan. The Plaza will be used for numerous public events and is expected to make a significant contribution in the economic revitalization of the Niles district.

FISCAL IMPACT: None

ENVIRONMENTAL REVIEW: The property transfer is consistent with the project descriptions of previously adopted negative declarations. The City and Agency adopted a negative declaration (City Environmental Assessment No. PLN2005-0178, dated March 16, 2007) which evaluated the physical impacts of the funding by the Agency and construction by the City of the Niles Town Plaza on the Property. There are no proposed changes to the project or change in circumstances regarding significant environmental effects, nor has there been new information provided which was not or could not have been known regarding the project that requires subsequent CEQA review.

ENCLOSURES:

- [Resolution of the Redevelopment Agency of the City of Fremont Approving Conveyance of the Niles Town Plaza Property to the City of Fremont for Use and Operation of Public Facilities of Benefit to the Niles Redevelopment Project Area a Portion of the Fremont Merged Project Area](#)
- [Niles Town Plaza Property Conveyance Agreement](#)

RECOMMENDATION: Authorize the Executive Director, or his designee, to take such action and execute such documents as necessary to convey ownership of the Niles Town Plaza from the Redevelopment Agency of the City of Fremont.

***2.5 REVISIONS TO COMMERCIAL BUILDING REHABILITATION PROGRAM**
Consideration of Revisions to the Commercial Building Rehabilitation Program to
(1) Increase the Amount of Architectural Fees Eligible for Agency Reimbursement
(2) Allow for Annual Adjustments and (3) Allow for Any Fees in Excess of Agency
Thresholds to be Rolled into the Loan Program

Contact Person:

Name:	Deepa Venkat Ram	Josh Huber
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Executive Summary: The Commercial Building Rehabilitation Program, administered by the Redevelopment Agency of the City of Fremont, provides incentives in the form of grants and interest free loans to commercial property owners in the three historic Redevelopment Project Areas of Centerville, Irvington, and Niles. The primary goal of the program is to encourage building rehabilitation, historic preservation, neighborhood revitalization, and economic development. Grant and loan fund assistance is provided for storefront exterior façade improvements, such as painting, landscaping, exterior lighting, signage, and window and tile replacement. Loan funds are available for expenses associated with general interior improvements, accessibility enhancements, seismic upgrades, and rectification of building code violations. Additional grant funds are provided to cover expenses such as permit fees, architectural fees associated with conceptual design services, and construction management.

Based on feedback from recent program participants, staff is recommending the Agency Board authorize staff to (1) increase the amount of fees covered by Agency grant funds for architectural expenses associated with conceptual design services, (2) allow annual CPI adjustments to eligible architectural fees in order to compensate for inflation and (3) roll-over architectural expenses associated with the production of construction documents into a term loan.

If approved, the proposed revisions will neither alter the program goals nor the primary use of funding. Rather, the purpose of these requested revisions is to retain and attract program participation and enable greater revitalization of the Project Areas.

BACKGROUND: In 2000, the Redevelopment Agency established the Commercial Rehabilitation Loan Program to provide low-interest loans to assist property and business owners with the renovation of their commercial buildings. Funds were made available for façade improvements, historic preservation, structural renovation, lighting, landscaping, and accessibility improvements in conformance with Americans with Disability Act (ADA) requirements. The program's primary goal was to assist with building rehabilitation in order to eliminate blight, improve the physical environment, and promote economic development in the three Redevelopment Project Areas. As an additional incentive to draw participants into the program, the Agency provided grant assistance for architectural renderings and visual marketing services with the intent that it act as a catalyst for façade improvement and/or complete building renovation.

In 2003, the Agency Board suspended the program due to budget constraints. Later that year, the program was reactivated with direction that it be modified to create a separate and distinct façade improvement grant program.

In 2004, the Agency Board approved the new Façade Improvement Grant Program and made amendments to the Commercial Rehabilitation Loan Program. In an attempt to find creative ways to increase program participation and increase program effectiveness, additional incentives such as assistance with construction management, reimbursement of City permit fees, simplification of administrative procedures, and institution of a list of eligible program architects were also introduced.

In 2007, the grant and loan programs were combined into a single “Commercial Rehabilitation Program” (CRP) in order to provide greater financial incentives to generate larger rehabilitation projects. As a result of the approved changes, the program allowed for an increase in grant funding based on the cost of construction and required an owner cash contribution.

While the program continues to provide incentives such as funding of construction management services, reimbursement of City permit fees and architectural services associated with conceptual design, feedback from owners of recent projects indicates that costs associated with architectural fees have increased significantly over time. Contrary to the program’s intention, this has resulted in an excessive portion of the architectural fees paid out of pocket by the applicants, a substantial disincentive to program participation.

In an effort to focus on the program’s ability to attract and retain program participation, create thriving business districts that draw new investments, and respond to issues raised by current participants, staff recommends that the Agency Board consider adjustments to the program in the following areas: (1) increase the amount of fees covered by the Agency for architectural expenses associated with conceptual design services, (2) allow annual CPI adjustments to eligible architectural fees in order to compensate for inflation, and (3) roll-over architectural expenses associated with the development of construction documents into a term loan.

DISCUSSION/ANALYSIS: In order to stimulate economic development in the historic project areas, the Commercial Building Rehabilitation Program provides grant and loan assistance for eligible costs associated with external and internal improvements to commercial buildings. The program also requires owners to contribute matching funds in order to promote property owner commitment to the project. Of the total eligible façade improvement costs, the Agency provides 75% in the form of grant assistance and the owner is required to provide the remaining 25% in matching funds.

For example, on a project with a total façade improvement cost of \$50,000, \$37,500 (75% of total façade cost) would be eligible for grant assistance and the remainder \$12,500 (25% of total façade cost) would be a mandatory owner contribution towards the project. Internal improvements qualify only for loan assistance.

In 2007, an Agency action carried forward grant funding for architectural fees previously approved of \$12,000 per project (\$5,000 for Façade Grant Program and \$7,000 for Commercial Rehabilitation Loan Program) for conceptual design services. Grant funding to cover architectural fees for conceptual design

has helped promote participation in the program. However, the approved limit of \$12,000 has not been adjusted over time to compensate for inflation in industry costs. The Agency's experience with recent projects suggests that while the cost of architectural fees vary depending on the complexity of the project, the fees for conceptual design services can exceed \$20,000. According to participant feedback, this cost, combined with the cost of preparing construction documents, which is not covered by the program and for which participants bear the contractual and financial responsibility, is prohibitive for small business owners.

Staff recommends that the Agency Board increase the amount of fees eligible for grant funding by the Agency to \$21,000 for architectural expenses incurred for conceptual design, and allow architectural fees associated with the creation of construction document to become eligible for loan funds. The Agency intends to strike a balance between making the program attractive to potential participants and ensuring participants are credibly committed to seeing the project through, and minimizing the risk to Agency funds invested up front for architectural expenses. Therefore, staff intends to enter into a Memorandum of Understanding (MOU) with all program participants which would require the owners to provide 10% of the architectural fees for concept design. In the event a property owner withdraws from the project after the Agency has expended all or a portion of the funds for concept design services, at the Agency's discretion, all or a portion of the deposit would be retained by the Agency for costs incurred. Projects currently underway may be exempted from this requirement.

FISCAL IMPACT: The maximum impact in terms of grant funding would be an increase in \$9,000 per project. There would also be an increase in loan eligibility of approximately \$10,000 to \$15,000 per project. Current program appropriations are sufficient to absorb this increase.

ENVIRONMENTAL REVIEW: The proposed activity is consistent with the previously certified Environmental Impact Report (SCH#971120004) for the adopted Redevelopment Plan. No further environmental review is required.

ENCLOSURE: None

RECOMMENDATION: Staff recommends the Agency Board authorize staff to enact the following changes to the Program:

1. Increase the eligible reimbursement amount for architectural conceptual design services to a maximum of \$21,000 effective immediately; and
2. Effective January 1, 2011, allow for annual adjustments to the eligible architectural expenses for conceptual design services using the Bay Area All Urban Consumer Price Index, rounding it to the nearest \$100 increment; and
3. Make architectural expenses attributable to construction documents eligible for reimbursement by Agency loan funds; and
4. Authorize the City Manager or designee to make any administrative changes necessary to implement the revised program.

5.1 Report Out from Closed Session of Any Final Action

5.2 AGENCY BOARD CONSIDERATION OF PROPOSED AGREEMENTS AMONG THE REDEVELOPMENT AGENCY AND VARIOUS TAXING ENTITIES WITH RESPECT TO THE FREMONT MERGED REDEVELOPMENT PROJECT AREA
Agency Board Consideration of a Resolution Authorizing Execution of Specified Agreements with Affected Taxing Entities in Connection with the Proposed Amended Plan for the Fremont Merged Redevelopment Project Area

Contact Person:

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Note: A companion item appears on the December 15, 2009 City Council agenda.

Executive Summary: As part of the process to prepare the proposed Consolidated Amended and Restated Redevelopment Plan (the "Amended Plan") for the Fremont Merged Redevelopment Project (Including Irvington, Niles, Centerville and Industrial Area) (the "Merged Project Area"), the Agency has consulted with the affected taxing entities (the local governments receiving property taxes from the Merged Project Area) regarding appropriate conforming updates to agreements the Agency entered into with the various taxing entities in connection with the 1993 and 1998 amendments of the redevelopment plans for various subareas of the Merged Project Area (the "Prior Agreements"). Through the Amended Plan consultations, staff and the affected taxing entities have negotiated a series of revisions to the Prior Agreements (the "Revised Agreements", as further described in this report), and recommends the Agency Board authorize the Executive Director to execute the Revised Agreements.

By their terms, the financial and operative provisions of the Revised Agreements will become effective only if the City Council subsequently adopts the Amended Plan. Nothing in the Revised Agreements or the approval resolution before the Agency Board in any way affects the discretion of the City Council in determining whether to subsequently adopt the Amended Plan. If the Amended Plan is adopted, the Revised Agreements will facilitate the Agency's implementation of the Amended Plan. Approval of the Revised Agreements at this time will provide the affected taxing entities with certainty about the financial implementation of the Amended Plan should the City Council determine to adopt the Amended Plan in its policy discretion.

BACKGROUND: The staff report for the companion Amended Plan resolution on tonight's agenda provides detailed background information about the preparation of the proposed Amended Plan. This section provides additional background information about the Prior Agreements, the proposed Revised Agreements, and the financial relationship between the Agency and the affected taxing entities with respect to the Merged Project Area.

In connection with the 1993 amendment of the redevelopment plan for the Industrial Area portion of the Merged Project Area, the Agency entered into a series of Prior Agreements, as then authorized by the California Community Redevelopment Law (the "CRL"), with all of the affected taxing entities

regarding the sharing of tax increment revenue generated from the Industrial Area. Pursuant to these tax increment sharing Prior Agreements, the Agency agreed to pay (or “pass through”) a portion of the tax increment it receives from the Industrial Area to each affected taxing entity. Separate tax increment sharing Prior Agreements were entered into with the Fremont Unified School District (“FUSD”), the Ohlone Community College District (“Ohlone”), and the County Superintendent of Schools (the “Superintendent”). A fourth tax increment sharing Prior Agreement (the “General Governments Agreement”) was entered into with all of the non-education district taxing entities (the “General Governments”), including among others, the County of Alameda (the “County”), the Alameda County Water District (“ACWD”) and the East Bay Regional Park District (“EBRPD”).

In addition to the pass-through payments of a portion of the Industrial Area tax increment revenues pursuant to these Prior Agreements, the Agency also makes “statutory” pass-through payments to each affected taxing entity of a portion of the tax increment it receives from the Irvington, Niles and Centerville portions of the Merged Project Area. These statutory pass-through payments with respect to Irvington, Niles and Centerville are made pursuant to a statutory formula contained in the CRL, rather than pursuant to individual agreements as is the case with the tax increment sharing Prior Agreements with respect to the Industrial Area described above. The Agency’s statutory pass-through payments for the Irvington, Niles and Centerville portions of the Merged Project Area are not affected by the proposed Amended Plan or the Revised Agreements that are the subject of this report.

In connection with the 1998 redevelopment plan amendments to merge the Industrial Area with the Irvington, Niles, and Centerville project areas to form the current Merged Project Area, the Agency entered into certain modifications of the Prior Agreements to authorize expenditure of tax increment revenues from the Industrial Area in the other portions of the Merged Project Area. At that time, the Agency also entered into two programmatic Prior Agreements with ACWD and a programmatic Prior Agreement with EBRPD.

The programmatic Prior Agreements with ACWD address Agency payment obligations for relocation of certain ACWD water facilities that may be necessitated by Agency-funded redevelopment activities (the “ACWD Water Facilities Relocation Agreement”), and Agency funding of certain hazardous materials remediation actions that would facilitate redevelopment of the Merged Project Area and simultaneously protect ACWD groundwater sources (the “ACWD Hazardous Materials Remediation Agreement”) in the amount of \$500,000 (the “Remediation Account”).

The programmatic Prior Agreement with EBRPD provided for certain Agency-funded public improvements at the EBRPD Quarry Lakes Regional Park and for EBRPD to undertake certain promotional and marketing services to direct park patrons to the commercial district in the Niles portion of the Merged Project Area as part of the economic development and community revitalization program for Niles.

All of the Prior Agreements were entered into under the authority of the CRL to mitigate the financial burden of Fremont’s redevelopment program on the affected taxing entities and to further the redevelopment program itself.

DISCUSSION/ANALYSIS: In connection with the preparation of the Amended Plan and in furtherance of the requirements of the CRL, the Agency has consulted with each of the affected taxing entities that receives a portion of property taxes from the Merged Project Area. The Agency and the affected taxing entities have determined that certain updates to the Prior Agreements would be appropriate to facilitate implementation of the Amended Plan and to continue to mitigate the financial burden of the Fremont redevelopment program on the affected taxing entities as authorized by the CRL. These updates to the Prior Agreements are incorporated in a series of Revised Agreements that are on file with the City Clerk/Agency Secretary and are the topic of consideration of approval by the Agency Board this evening. The Revised Agreements include the following:

General Governments Agreement: The proposed revised General Governments Agreement expressly authorizes the Agency to expend tax increment from the Industrial Area for the redevelopment program in the Merged Project Area in an amount up to the increased tax increment cap for the Industrial Area contained in the Amended Plan, should the City Council subsequently adopt the Amended Plan. The proposed revised General Governments Agreement also corrects an anomaly in the pass-through payment formula for those taxing entities, such as the County and ACWD, that are required to make payments to the Educational Revenue Augmentation Fund (“ERAF”). The County Auditor-Controller’s office, which is responsible for implementing the ERAF payment formulas in Alameda County, recently informed the Agency and the General Government affected taxing entities that this correction is necessary to achieve the same level of pass-through payments as was initially intended by the parties when the General Governments Agreement was negotiated in 1992, prior to the State’s imposition of the ERAF requirement.

FUSD Agreement: The Agency has now made all payments owed under the FUSD Prior Agreement. Consequently, the proposed FUSD Revised Agreement terminates the Prior Agreement, which in turn makes FUSD eligible under the current CRL to begin to receive statutory pass-through payments with respect to future tax increment received by the Agency from the Industrial Area portion of the Merged Project Area as a result of the Amended Plan.

Ohlone Agreement and Superintendent Agreement: The proposed revised Prior Agreements with Ohlone and the Superintendent affirm that, should the City Council adopt the Amended Plan, those education entities will continue to receive pass-through payments from the Agency with respect to tax increment from the Industrial Area pursuant to the same formula that is currently in effect.

ACWD Programmatic Agreements: Based upon a decade of experience in administering the ACWD programmatic Prior Agreements, the Agency and ACWD desire to enter into a revised ACWD Water Facilities Relocation Agreement and a revised ACWD Hazardous Materials Remediation Agreement to update certain procedures and standards while maintaining the same basic purpose and approach for these agreements. For instance, the proposed revised ACWD Water Facilities Relocation Agreement would improve the early communication and coordination process between the Agency and ACWD for Agency-facilitated redevelopment activities requiring relocation of ACWD facilities, and would clarify the timing and method for Agency payment of the Agency’s share of such relocation costs, but would not change the basic formula for the Agency’s share of such costs. The proposed revised ACWD Hazardous Materials Remediation Agreement would likewise enhance early communications between the parties. It would also update the list of potential Agency-assisted hazardous materials remediation sites that would benefit ACWD’s water quality efforts, and provides for

the Agency to replenish the Remediation Account established under the 1999 Prior Agreement by the amount that is expended from the Remediation Account for hazardous materials remediation of the City Fire Station No. 2 site (not to exceed \$175,000), if the Amended Plan is adopted and becomes effective.

EBRPD Programmatic Agreements: Based on the successful experience with the EBRPD 1999 Prior Agreement, the Agency and EBRPD propose to enter into two successor Revised Agreements at this time. The first EBRPD Revised Agreement (the “Future EBRPD Improvements Agreement”) would establish a procedure for the parties to identify future regional park improvements of direct benefit to economic development and community revitalization efforts of the Agency in the Merged Project Area (“Future Mutual Benefit Improvements”) and for the Agency to fund such identified Future Mutual Benefit Improvements in an amount not to exceed \$5,125,000 in current dollar value terms, subject to the Agency and EBRPD first complying with all CRL and California Environmental Quality Act (“CEQA”) requirements for such Future Mutual Benefit Improvements. The second proposed Revised Agreement with EBRPD (the “EBRPD Promotional Services Agreement”) would enhance and expand the program of promotional services and marketing efforts that EBRPD performs to encourage park visitors to visit and use business and community services in the Merged Project Area. If the Amended Plan is adopted and becomes effective, the proposed EBRPD Promotional Services Agreement would expand the EBRPD efforts from Quarry Lakes Park and Niles area promotional and marketing efforts under the 1999 Prior Agreement, to encompass all five EBRPD facilities in Fremont and businesses and community services in all four subareas of the Merged Project Area.

FISCAL IMPACT: The following fiscal impact analysis is based on the Report To City Council that will be distributed to the Agency Board and City Council in mid-December in preparation for the joint public hearing on the Amended Plan in early 2010. Dollar amounts cited in this analysis are stated in current 2009 buying power terms. The actual dollar amounts in future dollars received and expended will be greater, but stating all amounts in current value terms gives the best snapshot of the fiscal impacts of the Amended Plan and the proposed Revised Agreements with the taxing entities (together with the statutory pass-through payments from the Agency to the taxing entities). Also, the dollar amounts cited below reflect the amounts that would be receivable and expended by the Agency under the Amended Plan once the current cap on tax increment revenue of \$400 million from the Industrial Area is reached in approximately three years.

Under the Amended Plan, once the increased Industrial Area tax increment cap takes effect, the Agency is estimated to receive approximately \$676.5 million of current buying power tax increment revenue. Of this total, approximately \$255.1 million (about 38% of the future tax increment) would be paid to the affected taxing entities under the tax increment sharing Revised Agreements related to the Industrial Area described in this report, and under the statutory pass-through payments required by the CRL for the Irvington, Niles and Centerville portions of the Merged Project Area.

Making these payments to the taxing entities in compliance with the Agency’s CRL obligations would, in turn, make available to the Agency under the Amended Plan:

- approximately \$136.8 million (20% of future tax increment) for new affordable housing program activities,
- approximately \$7.6 million (roughly 1% of future tax increment) to complete debt service payments on existing Agency bonds, and

- approximately \$277 million (roughly 41% of total tax increment) for new non-housing activities of the Agency throughout the Merged Project Area (including Agency administrative costs).

Of this \$277 million estimated amount for new non-housing activities, approximately \$8 million would fund costs of the EBRPD Revised Agreements and approximately \$175,000 would replenish the Remediation Account under the revised ACWD Hazardous Materials Remediation Agreement. Any dollar amounts allocable to ACWD water facilities relocation costs under the revised ACWD Water Facilities Relocation Agreement would depend on the currently unknown circumstances of any water facilities relocation needs arising from future Agency-assisted activities.

In short, while the future payments to the affected taxing entities under the Revised Agreements to mitigate the financial burden of the Amended Plan on those entities would be significant, the resources made available to the Agency under the Amended Plan to complete the redevelopment program in the Merged Project Area also would be very substantial.

ENVIRONMENTAL REVIEW: The four tax increment sharing Revised Agreements (with the General Governments, FUSD, Ohlone and the Superintendent) address funds transfers of the Agency but do not commit any party to particular expenditures or physical activities. As such, these Revised Agreements constitute governmental funding mechanisms or other governmental fiscal activities that do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. As a result, approval of these Revised Agreements does not constitute a project for purposes of CEQA, with particular reference to 14 California Code of Regulations Section 15378(b)(4) (a portion of the State CEQA Guidelines).

The Revised Agreements, consisting of the EBRPD Future Public Improvements Agreement, the revised ACWD Water Facilities Relocation Agreement, and the revised ACWD Hazardous Materials Remediation Agreement, do not specify particular physical activities to be funded by the Agency and performed by the taxing entities, but instead require full CEQA compliance once particular improvement activities are identified and designed and prior to funding and any physical development activities. Consequently, CEQA documentation for these Revised Agreements would be premature and will be undertaken once specific projects are identified under the procedural terms of those agreements.

The EBRPD Promotional Services Agreement will not involve significant physical improvements and is thereby exempt from the requirements of CEQA, with particular reference to 14 California Code of Regulations Section 15061(b)(3) (a portion of the State CEQA Guidelines).

ENCLOSURE: [Draft Resolution](#)

RECOMMENDATION: Adopt a resolution approving the Revised Agreements with various affected taxing entities, and authorizing the Executive Director to execute the Revised Agreements and to take such actions as are reasonably required to implement the terms of the Revised Agreements.